

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 DODE-00 PM-05 H-01 L-03 NSC-05
PA-01 SP-02 SS-15 ICA-11 TRSE-00 OMB-01 AID-05
EUR-12 IO-13 /112 W
-----054562 271756Z /72 41

R 271540Z JUN 78
FM AMEMBASSY SAN JOSE
TO SECSTATE WASHDC 1500
INFO AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY PANAMA
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 1 OF 2 SAN JOSE 2741

E.O. 11652: GDS
TAGS: PGOV, PINT, ELAB, CS
SUBJ: LABOR - THE CARAZO GOVERNMENT'S IMMEDIATE CONCERN

REF: SAN JOSE 1981

SUMMARY: PRESIDENT CARAZO HAS REGISTERED HIS CONCERN ABOUT EXTREME LEFT ADVANCES IN LABOR, AND SAYS THAT HIS GOVERNMENT WILL MEET THESE THREATS HEAD-ON. AID TO THE SAGGING DEMOCRATIC LABOR MOVEMENT, AND SOME BREAD AND BUTTER VICTORIES FOR DEMOCRATIC LABOR ARE KEY PART OF THE PROJECTED RESPONSE. EXISTING AIFLD AND AFL/CIO PROGRAMS WILL ALSO PLAY IMPORTANT ROLES. END SUMMARY

1. IN CONVERSATION 22 JUNE WITH AMBASSADOR AND POLOFF, PRESIDENT CARAZO RAISED THE LABOR/POLITICAL SITUATION, AND SPOKE AT LENGTH ABOUT IT. PRESIDENT SAID HE WAS VERY CONCERNED ABOUT BREADTH OF ACTIVITIES OF EXTREME LEFT, ESPECIALLY IN VIEW OF RECENT COMMUNIST LABOR ADVANCES IN THE LIMON AREA AND THE ONGOING ATLANTIC ZONE BANANA STRIKE, NOW IN ITS FIFTH WEEK. HE REFERRED TO EVIDENCE
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GOVERNMENT HAS OF LARGE NUMBERS OF PAID "COMMUNIST" ACTIVIISTS COUNTRY-WIDE. HIS REASON FOR MENTIONING THIS SUBJECT WITH AMBASSADOR, PRESIDENT NOTED, WAS TDAMET USG KNOW THAT THE NEW ADMINISTRATION IS SEIZED WITH THE PROBLEM, AND PLANS TO TAKE ON THE COMMUNIST-DOMINATED UNIONS HEAD-ON. HE SAID HIS CONCERN TRANSCENDS THE CURRENT BANANA ZONE STRIKE, WHICH HE CONSIDERS TRANSITORY, AND GOES TO THE LONGER RANGE PROBLEM OF COMMUNIST STRENGTH IN THE YEARS AHEAD.

PRESIDENT ALSO USED EXAMPLE OF PUBLIC EMPLOYEES' UNION, WHICH, HE SAID, IF IT WER NOT WON BACK FROM COMMUNISTS IN UPCOMING ELECTIONS WILL BE RECOVERED THROUGH ELECTIONS NEXT YEAR.

2. PRESIDENT STATED THAT IN DIRECT CONTRAST TO PREVIOUS GOVERN-

MENT, HIS ADMINISTRATION WILL NOT DEAL POLITICALLY WITH LOCAL COMMUNIST PARTY FOR SHORT TERM BENEFIT. HE NOTED THAT MINISTRY OF THE INTERIOR HAD DENIED VISAS TO CUBAN AND SOVIET PARTICIPANTS IN MEETING OF COMMUNIST-DOMINATED CENTRAL AMERICAN YOUTH ORGANIZATION BEING HELD IN SAN JOSE THIS MONTH, AND THAT A VARIETY OF PRESSURE TACTICS HAVE BEEN USED TO GET GOVERNMENT TO REVERSE THE DECISION. HIS GOVERNMENT'S AGGRESSIVE POLICY OF NOT MAKING POLITICAL DEALS WITH THE LOCAL COMMUNIST PARTY IN THE LEGISLATURE OR ELSEWHERE HAS LEFT LOCAL PARTY OFFICIALS IN A QUANDARY ACCORDING TO THE PRESIDENT. (ACCORDING TO ONE REPORT, LOCAL PARTY LEADERS WERE TOLD BY MININT ECHEVERRIA TO "KNOCK IT OFF IN LABOR" IF THEY EXPECTED TO GET ALONG WITH THE NEW GOVERNMENT, AND THAT NOT ALLOWING CUBANS AND

RUSSIANS TO ENTER THE COUNTRY IS THE GOCR'S IMMEDIATE RESPONSE TO THE PARTY. THE PARTY OFFICIALS CLAIM THEY ARE "PERPLEXED" BY THE LINKAGE THE GOVERNMENT IS MAKING.)

3. A KEY PART OF GOCR'S PLAN TO DEAL EFFECTIVELY WITH THE PROBLEM LIES IN STRENGTHENING THE LOCAL DEMOCRATIC LABOR CONFEDERATION, ZARAZO UNDERLINED. HE NOTED HOW PREVIOUS GOVERNMENT'S POLITICAL CONFIDENTIAL

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MOVES FOR PURPOSE OF PRESERVING THEIR WORKING RELATIONSHIP WITH THE COMMUNIST PARTY IN THE ASSEMBLY AND THUS ASSURING SMOOTH SAILING FOR THAT GOVERNMENT'S PROGRAMS SOMETIMES RESULTED IN SETBACKS FOR DEMOCRATIC LABOR UNIONS. CARAZO STATED THAT DEMOCRATIC UNIONS BADLY NEED SOME VICTORIES, AND THAT HIS GOVERNMENT WOULD DO EVERYTHING IT COULD TO SEE THAT THEY ACHIEVED THEM--INCLUDING LEANING ON CERTAIN ELEMENTS IN THE PRIVATE SECTOR. HE SAID THAT HE HAS BEEN IN TOUCH PERSONALLY WITH TWO KEY DEMOCRATIC UNION LEADERS (WHO ARE RETURNING FROM ILO MEETING IN GENEVA); THE GOVERNMENT IS PREPARED TO HELP THEM, THEIR PLN AFFILIATION NOTWITHSTANDING.

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4. AMBASSADOR AND EMBOFF TOOK OPPORTUNITY TO GO INTO DETAILED EXPLANATION OF LABOR PROGRAMS OF AIFLD AND AFL/CIO. CARAZO WAS AWARE OF MOST OF THE ELEMENTS--EDUCATION, ACTIVISTS, PROVISION OF VEHICLES BY AFL/CIO, AND EXPRESSED HIS APPRECIATION. IT WAS ALSO RECALLED THAT TWO YEARS AGO WHEN THE AFL/CIO PROVIDED SPECIAL ASSISTANCE TO DEMOCRATIC LABOR MOVEMENT, HELP FROM THE GOVERNMENT WAS ALSO PROMISED BUT NEVER FORTHCOMING. CARAZO SAID THAT THIS WOULD NOT HAPPEN AGAIN. AMBASSADOR NOTED THAT AS INDICATION OF OUR ONGOING INTEREST IN THE LABOR AREA HE HAS ASKED THE ARA'S REGIONAL LABOR ADVISOR O'GRADY AND NEW DESK OFFICER DAVIS, HIMSELF AN EX-POL/LABOR OFFICER AT THE EMBASSY, TO COME TO SAN JOSE TO REVIEW OUR PROGRAM RELATED TO THE LABOR SITUATION. CARAZO SAID HE WAS PLEASED TO HEAR OF THIS AND LOOKED FORWARD TO MEETING WITH O'GRADY AND DAVIS HIMSELF.

5. CARAZO CLOSED DISCUSSION ON LABOR BY NOTING THAT HIS MINISTER OF LABOR ESTELA QUESADA AND SOME OF HIS ADVISERS ARE PERHAPS MORE PERTURBED ABOUT THE SITUATION THAN HE IS; CARAZO SAID THAT HE OCCASIONALLY HAS TO TEMPER THEIR INCLINATION TO TAKE DRASTIC
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MEASURES. CARAZO NOTED THAT HIS LONG TIME POLITICAL ADVISER MINISTER OF THE INTERIOR JOHNNY ECHEVERRIA IS AS STEEPED IN THIS PROBLEM AS ANYONE, AND THAT HIS JUDGEMENT IN LABOR MATTERS HAS BEEN VERY GOOD.

6. PRESIDENT CARAZO'S MENTION OF HIS GOVERNMENT'S LABOR PROBLEMS AND THE RECENT ADVANCES OF THE COMMUNIST-DOMINATED FEDERATIONS REGISTERS AN ESCALATING LEVEL OF CONCERN THAT BEGAN PRIOR TO AND DURING THE 8 MAY INAUGURATION (SAN JOSE 1981). MINISTER OF LABOR QUESADA, OTHER MINLAB OFFICIALS, PRESIDENTIAL ADVISERS, CERTAIN PRIVATE BUSINESSMEN, AND CCTD LEADERS HAVE RAISED THIS SUBJECT WITH

EMBOFFS AND AIFLD CPD, THOUGH GENERALLY NOT IN THE CALM, MEASURED MANNER OF THE PRESIDENT. ADDITIONALLY, EX-PLN PRESIDENTIAL CANDIDATE LUIS ALBERTO MONGE TOLD EMBOFFS ON 22 JUNE THAT THE SITUATION OF DEMOCRATIC LABOR VIZ A VIZ THEIR TRADITIONAL COMMUNIST ADVERSARIES IS "CRITICAL", AND BLAMED HIS OWN PARTY AND THE PREVIOUS GOVERNMENT FOR ALLOWING THIS TO HAPPEN. MONGE SAYS THAT UNDER HIS DIRECTION THE PLN WILL DIRECT A MAJOR EFFORT TO THE LABOR SECTOR IN THE WEEKS AHEAD.

7. COMMENT: THE CONCERN ABOUT COMMUNIST ADVANCES IN LABOR IS AS VALID AS IT IS RECURRING. ITS IMMEDIATE CAUSE, THE FIVE WEEK OLD BANANA ZONE STRIKE, REPRESENTS YET ANOTHER COMMUNIST-DOMINATED UNION PUSH IN AN AREA THAT HAS BEEN CONTESTED BETWEEN DEMOCRATS AND COMMUNISTS SINCE THE 1940S. THIS TIME THE EFFORT IS A GIB ONE, WELL ORGANIZED, REPORTEDLY WELL FINANCED, BUT HARDLY UNFORESEEN. HOWEVER, AS CARAZO NOTED, IT IS NOT JUST A BANANA STRIKE AT THE BEGINNING OF A NEW ADMINISTRATION, BUT LONGER RANGE PROJECTIONS OF LABOR DOMINATION FROM THE LEFT THAT ARE WORRISOME TO THE NEW GOVERNMENT, PART OF THE PLN, AND DEMOCRATIC LABOR. CARAZO'S REMEDY--TO LET THE DEMOCRATS WIN THEIR OWN VICTORIES AND TO HELP THEM WHEN POSSIBLE --IS SOUND, HEALTHY, AND REALISTIC, THOUGH NOT AT ALL A NEW STRATEGY. A US ROLE--IN THE FORM OF ONGOING AND POSSIBLY BEEFED-UP
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AIFLD AND SPECIAL AFL/CIO PROGRAMS--IS PART OF THE RESPONSE THAT THE NEW GOVERNMENT AND DEMOCRATIC LABOR ARE COUNTING ON. IN VIEW OF WHAT IS AT STAKE--THE VIABILITY OF THE DEMOCRATIC LABOR MOVEMENT IN ONE OF THE FEW DEMOCRACIES OF LATIN AMERICA--WE RE-ENDORSE THE ONGOING PROGRAMS AND SUBMIT THAT IT IS TIME WE CONSIDER THE ADVISABILITY OF SOME ADDITIONAL MEASURES. THE O'GRADY/DAVIS VISIT, NOW PLANNED WE UNDERSTAND FOR 13 JULY, WILL BE MOST OPPORTUNE.
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